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SUBJECT: MEDIA REACTION THE BUSH ADMINISTRATION US
PRESSURES ON IRAN AND BRAZIL IMF ON ARGENTINA THE
VISIT OF FEDERAL RESERVE OF DALLAS PRESIDENT RICHARD
FISHER TO BUENOS AIRES CUBA 04/20/06

11. SUMMARY STATEMENT

UNCLEARED BY AN AMERICAN OFFICER

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SIPDIS
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PAO:RBANKS
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AMEMBASSY BUENOS AIRES
SECSTATE WASHDC, IMMEDIATE
INFO CDR USSOCOM MACDILL AFB FL//SCJ2//
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11. SUMMARY STATEMENT

Key international stories today include President Bush's cabinet shuffle; the USG allegedly pressuring Brazil to stop its enriched uranium experiments; Argentine writer Tomas Eloy Martinez's opinion of the USG; the IMF report, "World Economic Perspectives" Latin American section, and its mention of the status of Argentine economy; and the visit of President of the Dallas Federal Reserve, Richard Fisher, to Argentina. Leading "Clarín" carries an editorial on the increasing repression in Cuba.

12. OPINION PIECES AND KEY STORIES

- "Bush speeds up his Cabinet reshuffle"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nación," writes (04/20) "Harassed

by the increasing erosion in his administration, US President George W. Bush shuffled his Cabinet again yesterday. His political strategist will change position, his spokesperson resigned and there are rumors about the US Treasury and Defense Secretaries.

"The most noteworthy change for now involves Karl Rove..., who will maintain his position and direct access to the Oval Office, but will be in charge of the election strategy again... bearing in mind the challenge posed by November legislative elections.

"For his part, (President) Bush's spokesperson, Scott McClellan will leave the presidential team and return to the private sector after three years of clashes with the media about the war and occupation of Iraq, and the controversy on the distorted intelligence information that led to the invasion."

- "The US warns to increase pressure on Iran"

Daily-of-record "La Nacion" reports (04/20) "The US reiterated that it has not dismissed a diplomatic way out of the crisis triggered by Iran's nuclear plans...

"... However, US Under Secretary of State Nicholas Burns warned that 'it is necessary to wield pressure on Iran' to have it stop its enriched uranium experiments, and that the six countries in charge of the management of the crisis should 'come to an agreement on the strategy to be followed by the UN Security Council.

"In this way, Burns talked about the deep disagreement among the five members of the UN Security Council plus Germany. Disagreement distances the US, UK and France (which favor different levels of sanctions) on the one

hand, from Russia and China (which, although do not like Iran's nuclear development, do not agree to discuss any kind of sanction), on the other hand."

- "The US pressures Brazil to stop enriching uranium"

Eleonora Gosman, Sao Paulo-based correspondent for leading "Clarín," writes (04/20) "The USG is wielding pressure on Brazil so that it stops enriching uranium. The pressures are political- the US is attempting to discourage the Third World from autonomous projects that could fuel Iranian arguments about its rights to plan autonomous peaceful nuclear development.

"In this international chess game, Brazil is not planning to yield. Brazilian Foreign Minister Celso Amorin was clear and blunt when he defended every country's right to attempt its own nuclear developments with peaceful purposes.

"Amorin publicly underscored that Iran has the same right to proceed with its enriched uranium experiments, although he emphasized that the Iranian government should make an effort to 'dispel any doubt' regarding its nuclear experiments."

- "Tomas Eloy Martinez: 'The atmosphere in the US is asphyxiating'"

Patricia Kolesnicov, columnist of leading "Clarín," interviews Argentine writer Tomas Eloy Martinez (04/20) "... (Martinez) compared the current US climate with that of Argentina during the military dictatorship. He said that the US lives 'a time full of lies and insults to common sense, a bellicose time, almost like the final stage of our military dictatorship, with the conflicts of the Beagle channel or the Malvinas, and everything is aimed at

maintaining the prestige of a stumbling regime...' He added 'The atmosphere in the US is asphyxiating.' He said that most of the letters from foreign countries are being open.' He also rejected 'the slavery in which immigrants live.' For all those things, 'A friend of mine was telling me a short time ago that he was planning to immigrate to France. He is a novelist called Paul Auster.'"

- "The IMF predicts greater growth for Argentina, but it warns about inflation"

Ana Baron, Washington-based correspondent for leading "Clarín," writes (04/20) "While the IMF's influence on Argentina has been greatly reduced since the Argentine Government decided to cancel its debt, the IMF warned yesterday on the way competitiveness has eroded due to inflation, and on how productive capacity will be increasingly limited.

"In the section on Latin America of its report on World Economic Prospects..., the IMF highlighted that the mix of both phenomena will lead to a brake on economic growth. However, its experts had to correct their prediction for 2006 economic growth. They increased it from 4.2% to 7.3%, but they expect growth to diminish to 4% in 2007.

"This was not the only correction they made. The IMF expected a 10% inflation level for 2006, while now it forecasts 12.9%.

"The IMF acknowledged that 2005 fiscal policy performance was better than expected and that the increase in tax collection helped finance 'a significant increase in government's expenditure.'

"On the eve of the arrival of Argentine Economy Minister Felisa Miceli in Washington, the IMF again reiterated the need to increase interest rates, budget surplus and exchange rate flexibility. According to its experts, all these elements could make for a better strategy to fight inflation than the price accord that is being implemented by the Government."

- "'Negative climate for investment'"

Leading "Clarín" reports (04/20) "US Treasury Secretary John Snow will warn Economy Minister Felisa

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Miceli about US corporations' concern about Argentina's negative investment climate.

"... According to one source, 'the concern involves US companies filing lawsuits at the International Center for the Settlement of Investment Disputes (ICSID) charging Argentina with having infringed the bilateral investment treaty, and companies that have been harmed by price controls and by the ban on meat exports."

- "A request for policies to capture investment"

Martin Kanenguiser, economic columnist of daily-of-record "La Nación," writes in the paper's "Economy and Business" supplement (04/20) "While the President of the Federal Reserve of Dallas, Richard Fisher, is an economist, he uses certain medical terms and has a political discourse - in his opinion, the (Argentine) Government has a difficult task ahead, which is to allay fears of hyperinflation...

"During a press conference at the US Embassy..., Fisher sustained that the cycle of low interest rates is finished in the developed world, and, that, therefore, countries like Argentina will have to

promote 'responsible' policies to maintain investment and growth. A former USTR and former VP of the Kissinger, McLarty & Associates study, the USG official said that Mercosur 'will never work.'

- "A Federal Reserve man advises to increase reserves in (US) dollars"

Candelaria de la Sota, columnist of leading "Clarín," comments (04/20) "Richard Fisher, President and CEO of the Federal Reserve of Dallas, said that countries exporting commodities have to take this occasion and consolidate their economies by accumulating reserves because high (commodity) prices will not last for ever'...

"Fisher told journalists at a press encounter that 'for an American it is a pleasure to be in a country with a fiscal and commercial surplus, and that grows almost at the rhythm of China.' And he emphasized that 'Argentina is growing in an impressive way.'

"... Fisher recommended that emerging countries 'start strengthening their economies and build reserves.' And he added 'My impression is that your president knows this very well.'"

- "Fisher praised twin surpluses"

Mara Laudonia, columnist of business-financial "InfoBae," comments (04/20) "According to Richard Fisher, President and CEO of the Federal Reserve of Dallas, generally speaking, the price accord policy aimed at containing inflationary expectations 'is not the ideal one' for countries, although its final outcome in Argentina 'still remains to be seen.'

"... During a press conference at the US Embassy, Fisher underscored that 'The Argentine government has a difficult task ahead - restoring confidence in the system and putting an end to old fears of inflation. They (the government) chose certain ways to tackle this problem and I wish them good luck.'"

- "'Argentina should be cautious not to scare investment away'"

Business-financial "Ambito Financiero" reports (04/20) "The issue most highlighted by the President and CEO of the Federal Reserve Bank of Dallas, Richard Fisher, was the need for Argentina to bring inflation under control.

"Before giving a seminar at the Central Bank, the USG official asserted at the US Embassy that price accords have not been an ideal prescription for taming inflation in some countries, although he said that Argentina is working on expectations and 'the

effectiveness of this tool remains to be seen.'

"Fisher warned that vis--vis the increasing interest rates in the US and other low-risk nations, the governments of emerging countries will face greater competition to capture investment, and he also emphasized the importance of the strategy of accumulating reserves."

- "'You have to strengthen reserves, commodity prices will not last for ever'"

Florencia Donovan, columnist of business-financial "El Cronista," writes (04/20) "During a visit to Argentina, the President and CEO of the Federal Reserve Bank of Dallas, Richard Fisher, avoided giving too many details on which the next steps of the

Federal Reserve Open Market Committee... will be.

"However, he warned that 'it will not be so easy to move on' for emerging countries because they will have to get ready to compete in an international scenario with increasing interest rates in the US, Europe and Japan, three countries that will compete for global liquidity by offering better credit quality than most developing countries.

"During a press encounter at the US Embassy..., Fisher took the occasion to underscore the need for emerging countries (among them, Argentina) to show sound fiscal and monetary policies, tame inflation, and have 'enforceable' legislation and political conditions that will not only capture capital investment but 'also make investors keep their money in the country.'"

- "A policy allowing for growth without inflation is attainable"

Paula Boente, columnist of business-financial, center-right "InfoBae," writes (04/20) "Speaking to a huge audience..., Richard Fisher talked about the effects of globalization and its impact on monetary policies.

"According to Fisher, 'If productivity growth can be maintained at the current level of 3% per year, monetary policy could well accompany said growth without any fear of unleashing inflationary pressures.'

"Fisher explained that the increase in productivity in other countries can contribute to lowering costs of both consumer goods and imported goods in the domestic market, thereby contributing to keeping the inflation rate low."

13. EDITORIALS

- "Increasing repression in Cuba"

Leading "Clarín" editorializes (04/20) "The Cuban government's decision to punish seven mothers who attempted to escape the island is a new sign of political repression.

"... This tendency has sparked strong clashes between Cuba and its traditional European allies, but it has had less impact on Latin America, where criticism of the Cuban political regime is considered a statement of support for the US and its aggressive policy on Cuba.

"Cases like this should support the observation that democracy and respect for human rights (which are values appreciated in Latin America) should also be promoted in Cuba."

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